

INDEPENDENT SECTOR OF MISSOURI COLLEGES AND UNIVERSITIES

Position Paper

Missouri Student Higher Education Financial Assistance: Access Missouri

Submitted to the Missouri Coordinating Board of Higher Education
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EXECUTIVE SUMMARY

INTRODUCTION

Access Missouri, the State's primary need-based financial assistance program serving Missouri postsecondary students, has been designed to accomplish three things. First, Access Missouri provides financial support to Missouri's neediest students; second, the awards are portable, so students can use their Access Missouri award at any of Missouri's accredited public or independent institutions; and finally, Access Missouri funds are awarded directly to students, rather than institutions. The success of Access Missouri is demonstrated by the large number of financially eligible students receiving awards (nearly 40,000 in the last academic year) and the enthusiastic support students and families have for the program.

Students who receive an Access Missouri grant demonstrate strong financial need. Many of these students also qualify for Federal aid, including the Pell Grant. The average family income of an Access recipient who attends a four-year public institution in Missouri is **\$37,060**; students attending four-year independent institutions have an average family income that is even lower - **\$35,604**. It is clear that the Access program is meeting the needs of Missouri's lowest-income students, whether these students choose a public or a private higher education institution. Given the current global economic uncertainties and the desire of Missouri to ensure higher education remains accessible and affordable to working families and those with demonstrated financial need, Access Missouri should be continued as it is currently funded and constituted. Altering the provisions of this highly successful program would be a disservice to students and to Missouri's workforce development initiatives.

KEY POINTS

- Missouri's diversity of higher education institutions serves students very well. Its mix of 131 colleges and universities that are public and private (or independent), urban and rural, large and small, coed and single gender, church-related and secular, comprehensive and single (or limited) focus, for profit and not-for-profit provide every qualified student the opportunity to attend an institution that best meets that student's needs and interests.
- Independent institutions in Missouri enroll 36.1% of the state's college and university students. At the post-baccalaureate level, 60.6% of students are enrolled at independent institutions.
- Independent institutions in Missouri award 47.3% of all degrees, including 67.6% of those at the post-baccalaureate level.
- Independent higher education provides an enormous public good with no direct state appropriations to institutions. The cost to the state to accommodate all the students currently enrolled in independent institutions, using the average operational state appropriation at the 4-year public institutions, would exceed \$700 million, exclusive of the massive capital costs that would be incurred.

- Independent institutions enroll a higher proportion of minority students, first generation students, financially needy students, and others that may be considered “at risk” than do the 4-year public institutions. Independent institutions focus on individual learners and provide flexible, convenient programming for students of all ages and backgrounds.
- Students at Missouri’s independent institutions are more likely to receive their bachelor’s degree in four years than at 4-year public institutions. The 4-year graduation rate at independent institutions is 40.35% versus 21.8% at publics; the 5-year rate at independents is 50.65% versus 39.15% at publics; and the 6-year rate at independents is 52.6% versus 45.85% at publics. Students graduating from independent sector institutions are thus able to enter the workforce sooner and avoid the tuition and fees costs of more than four years of college before earning their degree.
- Independent institutions in Missouri play a particularly significant role in the preparation of education and health care professionals. Independent institutions in 2007-2008 graduated 53.4% of education majors and 52.4% of health care majors (both figures include baccalaureate and graduate degrees).
- Independent institutions serve many financially needy students. The average family income (AGI) for students receiving Access Missouri funds at independent institutions was \$35,604 while it was \$37,060 for those enrolled at the 4-year public institutions. Independent institutions, therefore, are colleges and universities of real opportunity and, in general, are NOT the province of the wealthy.
- Students, their families, and the general public will be best served by continuing the Access Missouri program as it is currently funded and administered.

SUMMARY

Access Missouri students are being well-served by this program, which was developed with extensive input from the Missouri General Assembly, public and independent college and university financial aid officers, and staff from the Missouri Department of Higher Education. It is clear that in the relatively short time that Access Missouri has been in effect, many Missouri families have benefitted from this program. Access Missouri is a wise investment into our State’s most precious resource, Missouri students aspiring to the dream of a college degree. We strongly urge the Coordinating Board for Higher Education and the Missouri General Assembly to continue to support the Access Missouri program.

BACKGROUND DATA AND SUPPORTING INFORMATION

GENERAL FACTS AND ASSUMPTIONS

1. Higher education represents an enormous public good as well as a valuable personal gain.
2. American higher education has long been considered “the envy of the world.”
3. American higher education is extraordinarily diverse with institutions that are public and private (or independent, which is the more common designation), urban and rural, large and small, coed and single gender, church-related and secular, comprehensive and single (or limited) focus, for profit and not-for-profit.
4. The diversity of institutions matches the diversity of learners so that every learner can attend an institution that best meets his or her needs and interests.
5. Students and the public are most effectively served when there is a broad range of choices of higher education institutions available and when all institutions are healthy and vibrant.
6. Missouri offers learning opportunities at 131 postsecondary institutions:
 - a. Four-year public: 13
 - b. Two-year public: 21
 - c. Four-year independent: 23
 - d. Two-year independent: 2
 - e. Professional and single or limited focus: 33
 - f. Proprietary (often for-profit): 39
7. Nationally, there are 4,300 public and independent institutions of higher education (IHEs): 1,700 (40%) are public; 1,600 (37%) are independent, not-for-profit; and 1,000 (23%) are for-profit.
8. Currently, at the national level, there are 17.5 million students in degree-granting institutions: 13 million (74%) are in public institutions; 3.5 million (20%) are in independent, not-for-profit institutions; and 1 million (6%) are in for-profit schools.
9. Missouri’s 131 postsecondary institutions represent 3% of IHEs in the USA, while Missouri’s population is 2% of the national figure. In proportion to its population, Missouri offers more higher education opportunities than might be expected.
10. Missouri’s postsecondary representation in the independent sector is higher than it is nationally:
 - a. In Missouri, 36.1% of IHE enrollments are in the independent sector and 63.9% in the public sector.
 - b. In Missouri, 47.3% of all degrees awarded annually are in the independent sector and 52.7% in the public sector. Nationally, independent IHEs award 29% of all degrees.
11. Enrollment patterns in Missouri for fall 2007 are the following:

	Total #	%	Public #	%	Independent	%
Head Count	349,042	100	223,096	63.9	125,946	36.1
Undergraduate	286,066	100	198,265	69.3	87,801	30.7

First Professional	5,771	100	2,830	49.0	2,941	51.0
Graduate	57,205	100	22,001	38.5	35,204	61.5

The dominance of the independent sector in professional and graduate education is significant and represents a great public good...at virtually no public expense.

12. Additional affirmation of the critically important role of the independent sector in Missouri higher education is evident in the pattern of graduates (2007 data) presented below. **Independent IHEs produce nearly half the bachelor's degrees awarded in our state, 70.1% of master's degrees, and more than half of the doctorates or first professional degrees. This is an essential contribution to the preparation of Missouri's workforce and to economic development in our state.**

	Total #	Public 2-yr.	%	Public 4-yr.	%	Independent	%
All	68,543	10,450	15.2	25,693	37.5	32,400	47.3
Certificate	2,003	1,937	96.7	19	<1	47	2.3
Associate	10,466	8,513	81.3	324	3.1	1,629	15.6
Bachelor	35,865	0		18,589	51.8	17,276	48.2
Master	16,749	0		5,016	29.9	11,733	70.1
Doctorate	1,027	0		487	47.4	540	52.6
First Prof.	1,577	0		771	48.9	806	51.1
Other	856	0		487	56.9	369	43.1

13. Affordability and access to higher education are among the primary concerns of the general public and are priorities for the Missouri Department of Higher Education.
14. Student financial assistance—from national, state, and institutional sources—is essential in enabling deserving and qualified students to attend IHEs.
15. The higher education landscape within this state and nationally is highly competitive, and it will become even more so as the numbers of high school graduates begin to trend downward, beginning in 2013.
16. Because public and independent IHEs often compete for students, the actual cost of attendance for students at many independent IHEs must be competitive with that at public IHEs. Independent IHEs, then, cannot simply raise their tuition to any level they wish without seriously affecting their enrollments or students' willingness to pay.
17. Most independent IHEs are enrollment- and tuition-driven, and yet tuition payments, on average, cover only approximately 60% of the cost of educating a student. Endowment earnings also generally cover only a small percentage of the cost of educating a student, with the 2 to 6% range not uncommon. The median endowment value (prior to fall 2008!) for independent IHEs except for the handful of those in the \$1 billion range, is \$10 to \$15 million...much lower than that of many public IHEs.

THE PUBLIC GOOD OF THE INDEPENDENT SECTOR

1. Nationally, independent IHEs enroll a higher proportion of minority students than do state institutions: 30% to 26%. Recent Missouri data indicates a parallel in this state.
2. Private colleges and universities educate a greater proportion of students who are most “at risk” (often defined as one or a combination of first generation, minority, rural, with high financial need).
3. Students who work full time, have a GED, or face other challenges are far more likely to graduate from a private college or university than from a state institution owing to the focus of most independent institutions on learner-centered, flexible, and convenient programming.
4. Students at independent IHEs are more likely to receive their bachelor’s degree in four years than at state institutions, as evidenced by data from Missouri IHEs in 2001:

Graduation rate in	4 years	5 years	6 years
4-year independent	40.35%	50.65%	52.60%
4-year public	21.80%	39.15%	45.85%

Students graduating from independent IHEs are thus able to enter the workforce sooner and avoid the tuition and fees costs of more than four years of college before earning their degree.

5. Independent IHEs in Missouri play a particularly significant role in the preparation of education and health care professionals, as indicated in the data below for graduates in these fields in 2007-2008:

	Total	4-yr. Indep.	%	4-yr. Public	%
Education	7,562	4,038	53.4	3,524	46.6
Health	4,391	2,348	52.4	2,153	47.6

ACCESS MISSOURI

1. Access Missouri (AM) is the current major source of state funds available for student financial assistance. This program was created to serve students with demonstrated financial need, and it is fulfilling that objective.
2. In FY09 Access Missouri is budgeted at \$92 million. AM is a need-based grant that is pegged to the published cost of attendance at public and independent institutions. Maximum grant amounts are:
 - a. \$1,000 for students attending a 2-year public institution.
 - b. \$2,150 for students attending a 4-year public institution.
 - c. \$4,600 for students attending a 2-year or 4-year independent institution.The average Access MO award covers the following percentages of tuition and fees; public 2-year 16%; public 4-year 25%; independent 22%.
3. In FY08 the amount of \$72,376,870 million was disbursed to 38,700 students. Approximately 1/3 of the recipients are enrolled in the independent sector, and they received approximately half the total disbursement.

4. Average family income (AGI) distribution among AM recipients is the following:

- a. Public 2-year: \$24,627
- b. Public 4-year: \$37,060
- c. Independent: \$35,604

Points (b) and (c) confirm national data indicating that the average family income of students attending independent institutions is often LOWER than that of students attending public institutions, especially 4-year public institutions. Independent IHEs as a group are institutions of real opportunity for many students and, in general, are NOT the province of the wealthy.

5. In academic year 2007-08, 63% of students receiving AM had an EFC of \$4,000 or less. By sector, the percentages are as follows:
 - a. Public 2-year: 70%
 - b. Public 4-year: 62%
 - c. Independent: 63%

The students in this category are also determined as demonstrating financial need under the federal Pell Grant Program.

MISSOURI STATE SUPPORT FOR HIGHER EDUCATION

1. In FY2008, \$918,466,677 was appropriated for support of public IHE operations. Total student FTE in fall 2007 at those institutions was 161,223, with 105,432 at 4-year public institutions and 55,791 at 2-year public institutions. Four-year public institutions were appropriated a total of \$771,416,449, or 84% of the total.
2. State appropriations per FTE at 4-year public institutions ranged from a high of \$8,800 at the four campuses in the University of Missouri system to \$5,195 at Missouri State University, which includes the 2-year West Plains campus. The average was \$7,317.
3. State appropriations per FTE at 2-year public institutions averaged \$2,636. It must be noted that community colleges also receive resources from their local taxing districts.
4. State appropriations per FTE at Linn State Technical College is \$5,529.
5. The average state appropriation per FTE for all public institutions was \$5,697.

CONCLUSIONS AND RECOMMENDATION

1. The Access Missouri program as it is currently constituted and funded provides an excellent opportunity for deserving students to attend the IHE of their choice and to make that choice based on the best fit between the institution and students' needs and interests.
2. Access Missouri truly benefits all students and is not geared to the special interests of one institutional sector or another.
3. Federal student financial assistance programs are available according to demonstrated need to eligible students attending approved IHEs—both public and independent. State financial assistance programs should likewise be available to all eligible students regardless of the type of IHE they attend.

4. The independent sector in Missouri provides an enormous public good, as indicated by the higher than national averages in enrollment and in degrees awarded annually. For most independent IHEs, this public good is produced at no public cost except for any financial assistance for which individual students qualify.
5. The best public policy for higher education in Missouri recognizes the value and contributions of each sector and does not favor one sector or one institution at the expense of another.
6. Any significant alteration to eligibility for the Access Missouri program that would restrict student access to independent IHEs would cause harm to both students and the state. The cost to the state to accommodate all the students currently enrolled in independent IHEs, using the average operational state appropriation at the 4-year public IHEs, would exceed \$700 million...to say nothing of the capital costs that would be involved.
7. The CBHE should support Access Missouri at the level requested by the MDHE for FY10—at \$96.5 million—and maintain the existing eligibility and award criteria.

Independent Colleges and Universities in Missouri

Avila University
Central Methodist University
College of the Ozarks
Columbia College
Cottey College
Culver Stockton College
Drury University
Fontbonne University
Hannibal-LaGrange College
Kansas City Art Institute
Lindenwood University
Logan University - College of
Chiropractic
Maryville University

Missouri Baptist University
Missouri Valley College
Park University
Rockhurst University
Southwest Baptist University
St. Louis University
Stephens College
Washington University
Webster University
Wentworth Military Academy
Westminster College
William Jewell College
William Woods University